

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

Pender Corporate Bond Fund

Six months ended June 30, 2020

The logo for Pender, featuring the word "PENDER" in a bold, serif font. The letter "N" is stylized with a diagonal slash through it.

This interim Management Report of Fund Performance contains financial highlights but does not contain either the interim financial statements or annual financial statements of the investment fund. You may obtain a copy of the interim financial statements or annual financial statements at your request, at no cost, by calling toll-free 1-866-377-4743, by writing to us at 1830 – 1066 West Hastings Street, Vancouver, BC V6E 3X2 or by visiting our website at www.penderfund.com or the SEDAR website at www.sedar.com.

You may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

The net assets of the Pender Corporate Bond Fund (the "Fund") were \$953,680,455 as at June 30, 2020 versus \$1,066,697,351 as at December 31, 2019. Of this \$113,016,896 decrease, \$51,453,115 is attributable to negative investment performance and \$61,563,781 is attributable to net unitholder redemptions of the Fund.

For the six months ended June 30, 2020 (the "period"), Class A units of the Fund generated a total return of -4.8%. Returns for Class U will differ primarily due to foreign currency as this class is the only class of the Fund that is not hedged against the US dollar. Returns for other classes of the Fund will be similar to Class A with any difference in performance being primarily due to the different management fees that are applicable to different classes and, for US-dollar denominated classes, the impact of any foreign exchange rate fluctuations on the net assets of that class of the Fund. Please see the "Past Performance" section for the performance of the Fund's other classes.

The Fund's broad-based benchmark, the FTSE/TMX Canada Universe Bond Index ("FTSE/TMX"), returned 7.5% during the period. In accordance with National Instrument 81-106, we have included a comparison to this broad-based index to help you understand the Fund's performance relative to the general performance of the market, but caution that the Fund's mandate may be significantly different from the index. For example, the Fund's returns are reported net of all management fees and expenses for all classes, unlike the returns of the Fund's benchmark, which are based on the performance of an index that does not pay fees or incur expenses.

The following comments and the comments under "Recent Developments" reflect the views of the portfolio management team and are based on information as at the end of the period. Please read the caution regarding forward-looking statements located on the last page of this document.

The Fund had several areas of relative weakness during the first half of 2020 including the Fund's energy sector holdings, floating rate or rate reset securities along with high yield bonds, regardless of industry as investors fled risk. Floating rate or rate reset securities fell in sympathy with rate cuts and investor sentiment respecting the direction of long-term interest rates. Although a negative contributor lately, we believe this asset class remains undervalued and provides a diversification effect with merit. Offsetting these areas of weakness to some degree was relative strength in several Health Care & Pharma holdings, positions in Government of Canada bonds along with other high quality, short-duration credit from issuers such as Canadian National Railway Company and Apple Inc. Several specific names that contributed to offsetting weakness on the Health Care & Pharma side included Paratek Pharmaceuticals, Inc., OPKO Health, Inc. and Avadel Pharmaceuticals plc.

Recent Developments

World markets have experienced unparalleled volatility during 2020. While the initial impact of the COVID-19 outbreak on world markets was muted in January, the widening global impact of COVID-19 and the breakdown of OPEC resulted in markets reacting with significant downward volatility and turmoil in late February and into March 2020. World markets made an astonishing rebound in April. Since then, unprecedented monetary and fiscal stimulus, the initial reopening of global economies, and promising medical progress for potential COVID-19 therapies/vaccines have continued to push world markets higher. World markets in general seem to be on a recovery path. Nonetheless, there remains many uncertainties remain that could cause world markets to turn rapidly and unexpectedly. Any potential impact on investment results will depend, to a large extent, on future developments and new information that may emerge regarding the duration and severity of the COVID-19 and the actions taken by government authorities and other entities to contain the virus or treat its impact, all of which are beyond our control.

The recovery in bond markets has been robust thus far, even if it has been unevenly distributed. The US BBB Rated Index's effective yield to maturity, after spiking as high as 5.6% on March 23, closed the quarter at approximately the same level that prevailed at the beginning of the year. Government bonds, helped in no small way by limitless central bank interventions, have been bid to record low yields in North America.

Looking down the table, lower tiers of credit have begun to rebound, but less completely. Single-B credits ended the quarter at a spread to treasuries of approximately 7%, which does represent a significant improvement from over 12% at the peak of the crisis but is still several points wider than in early 2020. And the CCC and below index, which is home to the markets most distressed (and lowest priced) bonds, has recovered the least. Touching 20% effective yield on March 23, the BoAML CCC Index still had a yield of approximately 15% towards the end of the period, approximately 5 points wider than where things stood in early January. The recovery in deeply discounted credits is at an earlier stage.

Recent Developments (continued)

We remained committed to our guiding principles through this period including maintaining the shape of the fund. In order to have the ability to take advantage of opportunities as they presented themselves, as well as to keep investor confidence in the Fund, it is important to maintain the “shape” of the Fund in terms of our weighting by risk tier. The Fund remains positioned with a bias toward short duration credit and our strategy continues to favour well-covered positions with room for capital appreciation in areas such as discounted closed-end funds, currently out-of-the-money convertible notes, select rate reset preferreds and floating rate notes along with credit positions that we believe to be relatively undervalued.

Related Party Transactions

The Fund pays management and administration fees to the Manager for management and portfolio advisory services (see “Management Fees”).

As at the end of the period, parties related to the Manager collectively held less than 1% of the Fund’s units. In addition, the Pender Bond Universe Fund, the Pender Enhanced Income Fund, the Pender Partners Fund, and the Pender Strategic Growth and Income Fund, funds also managed by the Manager, collectively held 3% of outstanding units.

Management Fees

The Fund pays management and administration fees calculated as a percentage of the net asset value of each respective class. The fees are calculated at the close of business on each valuation day and are paid monthly. In exchange for the administration fee, the Manager pays the operating costs of the Fund so that the Management Expense Ratio (“MER”) for each class does not exceed certain levels as set out in the Fund’s offering documents.

Management fees are used by the Manager, in part, to pay sales commissions, trailer fees, marketing costs and other associated distribution costs relating to the sale of units of the Fund.

Such expenses represented approximately 23% of the management fees paid by the Fund to the Manager for the period.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the period and the calendar years indicated.

CLASS A

Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016	2015
Net assets – beginning of period	\$12.49	\$12.24	\$11.92	\$11.48	\$9.70	\$11.26
Increase (decrease) from operations:						
Total revenue	0.41	0.59	0.56	0.61	0.61	0.84
Total expenses	(0.11)	(0.25)	(0.25)	(0.24)	(0.22)	(0.25)
Realized gains (losses)	(0.49)	0.06	0.18	0.90	0.18	(1.17)
Unrealized gains (losses)	(0.49)	0.13	-	(0.49)	1.56	(0.24)
Total increase (decrease) from operations (b)	(0.68)	0.53	0.49	0.78	2.13	(0.82)
Distributions:						
From income (excluding dividends)	(0.20)	(0.30)	(0.32)	(0.30)	(0.36)	(0.53)
From dividends	-	(0.02)	(0.02)	(0.03)	(0.04)	(0.01)
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	(0.08)
Total annual distributions (b), (c)	(0.20)	(0.32)	(0.34)	(0.33)	(0.40)	(0.62)
Net assets – end of period	\$11.69	\$12.49	\$12.24	\$11.92	\$11.48	\$9.70
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$91,749	\$115,962	\$76,888	\$38,229	\$38,595	\$53,812
Number of units outstanding (a)	7,848,262	9,281,603	6,280,891	3,206,403	3,362,129	5,546,256
Management expense ratio (d)	1.95%	1.95%	1.95%	1.95%	1.95%	2.22%
Management expense ratio before absorptions (e)	1.95%	1.95%	1.95%	1.95%	1.95%	2.22%
Trading expense ratio (f)	0.03%	0.02%	0.05%	0.07%	0.08%	0.02%
Portfolio turnover rate (g)	56.00%	61.95%	69.13%	95.38%	142.68%	74.82%
Net asset value per unit (a)	\$11.69	\$12.49	\$12.24	\$11.92	\$11.48	\$9.70

CLASS D

Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016	2015
Net assets – beginning of period	\$11.45	\$11.23	\$10.92	\$10.52	\$8.90	\$10.00
Increase (decrease) from operations:						
Total revenue	0.85	0.57	0.43	0.50	0.54	0.36
Total expenses	(0.08)	(0.16)	(0.17)	(0.17)	(0.15)	(0.08)
Realized gains (losses)	(1.03)	0.07	0.16	0.70	0.35	(0.91)
Unrealized gains (losses)	(0.73)	0.05	0.04	(0.35)	1.45	(0.19)
Total increase (decrease) from operations (b)	(0.99)	0.53	0.46	0.68	2.19	(0.82)
Distributions:						
From income (excluding dividends)	(0.22)	(0.33)	(0.36)	(0.33)	(0.37)	(0.25)
From dividends	-	(0.03)	(0.02)	(0.03)	(0.05)	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	(0.03)
Total annual distributions (b), (c)	(0.22)	(0.36)	(0.38)	(0.36)	(0.42)	(0.28)
Net assets – end of period	\$10.74	\$11.45	\$11.23	\$10.92	\$10.52	\$8.90
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$2,421	\$3,906	\$1,726	\$182	\$48	\$5
Number of units outstanding (a)	225,448	341,030	153,752	16,702	4,562	515
Management expense ratio (d)	1.40%	1.40%	1.40%	1.40%	1.40%	1.61%
Management expense ratio before absorptions (e)	1.40%	1.40%	1.40%	1.40%	1.40%	1.61%
Trading expense ratio (f)	0.03%	0.02%	0.05%	0.07%	0.08%	0.02%
Portfolio turnover rate (g)	56.00%	61.95%	69.13%	95.38%	142.68%	74.82%
Net asset value per unit (a)	\$10.74	\$11.45	\$11.23	\$10.92	\$10.52	\$8.90

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS E		
Fund's Net Assets Per Unit (a)	2020	2019
Net assets – beginning of period	\$10.07	\$10.00
Increase (decrease) from operations:		
Total revenue	0.26	0.16
Total expenses	(0.02)	(0.01)
Realized gains (losses)	(0.33)	(0.05)
Unrealized gains (losses)	(0.32)	0.08
Total increase (decrease) from operations (b)	(0.41)	0.18
Distributions:		
From income (excluding dividends)	(0.24)	(0.11)
From dividends	-	(0.01)
From capital gains	-	-
Return of capital	-	-
Total annual distributions (b), (c)	(0.24)	(0.12)
Net assets – end of period	\$9.41	\$10.07
Ratios and Supplemental Data		
Total net asset value (\$000s) (a)	\$3,581	\$3,912
Number of units outstanding (a)	380,494	388,330
Management expense ratio (d)	0.50%	0.50%
Management expense ratio before absorptions (e)	0.50%	0.50%
Trading expense ratio (f)	0.03%	0.02%
Portfolio turnover rate (g)	56.00%	61.95%
Net asset value per unit (a)	\$9.41	\$10.07

CLASS F						
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016	2015
Net assets – beginning of period	\$12.50	\$12.25	\$11.92	\$11.48	\$9.70	\$11.27
Increase (decrease) from operations:						
Total revenue	0.41	0.59	0.56	0.57	0.61	0.85
Total expenses	(0.07)	(0.15)	(0.15)	(0.15)	(0.14)	(0.17)
Realized gains (losses)	(0.49)	0.07	0.13	0.79	0.19	(1.17)
Unrealized gains (losses)	(0.47)	0.12	(0.07)	(0.40)	1.54	(0.19)
Total increase (decrease) from operations (b)	(0.62)	0.63	0.47	0.81	2.20	(0.68)
Distributions:						
From income (excluding dividends)	(0.25)	(0.11)	(0.42)	(0.39)	(0.43)	(0.60)
From dividends	-	(0.01)	(0.02)	(0.04)	(0.05)	(0.01)
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	(0.09)
Total annual distributions (b), (c)	(0.25)	(0.12)	(0.44)	(0.43)	(0.48)	(0.70)
Net assets – end of period	\$11.69	\$12.50	\$12.25	\$11.92	\$11.48	\$9.70
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$328,531	\$406,674	\$246,709	\$68,365	\$34,938	\$30,490
Number of units outstanding (a)	28,112,530	32,530,750	20,139,093	5,733,494	3,044,053	3,141,898
Management expense ratio (d)	1.15%	1.15%	1.15%	1.15%	1.15%	1.47%
Management expense ratio before absorptions (e)	1.15%	1.15%	1.15%	1.15%	1.15%	1.47%
Trading expense ratio (f)	0.03%	0.02%	0.05%	0.07%	0.08%	0.02%
Portfolio turnover rate (g)	56.00%	61.95%	69.13%	95.38%	142.68%	74.82%
Net asset value per unit (a)	\$11.69	\$12.50	\$12.25	\$11.92	\$11.48	\$9.70

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS H						
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016	2015
Net assets – beginning of period	\$11.01	\$10.79	\$10.51	\$10.11	\$8.55	\$9.88
Increase (decrease) from operations:						
Total revenue	\$0.49	0.51	0.51	0.52	0.60	0.74
Total expenses	(0.09)	(0.19)	(0.19)	(0.18)	(0.17)	(0.18)
Realized gains (losses)	(0.61)	0.06	0.15	0.74	0.07	(1.07)
Unrealized gains (losses)	(0.49)	0.11	(0.03)	(0.39)	1.26	(0.13)
Total increase (decrease) from operations (b)	(0.70)	0.49	0.44	0.69	1.76	(0.64)
Distributions:						
From income (excluding dividends)	(0.19)	(0.30)	(0.31)	(0.30)	(0.34)	(0.49)
From dividends	-	(0.02)	(0.02)	(0.03)	(0.04)	(0.01)
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	(0.07)
Total annual distributions (b), (c)	(0.19)	(0.32)	(0.33)	(0.33)	(0.38)	(0.57)
Net assets – end of period	\$10.30	\$11.01	\$10.79	\$10.51	\$10.11	\$8.55
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$57,691	\$62,459	\$38,560	\$19,159	\$12,116	\$5,738
Number of units outstanding (a)	5,599,338	5,671,949	3,573,651	1,823,363	1,198,204	671,067
Management expense ratio (d)	1.65%	1.65%	1.65%	1.65%	1.65%	1.84%
Management expense ratio before absorptions (e)	1.65%	1.65%	1.65%	1.65%	1.65%	1.84%
Trading expense ratio (f)	0.03%	0.02%	0.05%	0.07%	0.08%	0.02%
Portfolio turnover rate (g)	56.00%	61.95%	69.13%	95.38%	142.68%	74.82%
Net asset value per unit (a)	\$10.30	\$11.01	\$10.79	\$10.51	\$10.11	\$8.55

CLASS I						
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016	2015
Net assets – beginning of period	\$10.74	\$10.53	\$10.24	\$9.85	\$8.34	\$9.66
Increase (decrease) from operations:						
Total revenue	0.39	0.51	0.51	0.48	0.55	0.70
Total expenses	(0.05)	(0.11)	(0.12)	(0.10)	(0.11)	(0.12)
Realized gains (losses)	(0.48)	0.05	0.10	0.66	0.16	(1.03)
Unrealized gains (losses)	(0.40)	0.08	(0.09)	(0.32)	1.24	(0.37)
Total increase (decrease) from operations (b)	(0.54)	0.53	0.40	0.72	1.84	(0.82)
Distributions:						
From income (excluding dividends)	(0.23)	(0.35)	(0.37)	(0.35)	(0.39)	(0.53)
From dividends	-	(0.03)	(0.02)	(0.03)	(0.04)	(0.01)
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	(0.08)
Total annual distributions (b), (c)	(0.23)	(0.38)	(0.39)	(0.38)	(0.43)	(0.62)
Net assets – end of period	\$10.04	\$10.74	\$10.53	\$10.24	\$9.85	\$8.34
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$385,391	\$381,228	\$140,680	\$42,272	\$16,158	\$14,004
Number of units outstanding (a)	38,394,597	35,491,065	13,366,024	4,127,027	1,639,624	1,679,060
Management expense ratio (d)	1.00%	1.00%	1.00%	1.00%	1.00%	1.26%
Management expense ratio before absorptions (e)	1.00%	1.00%	1.00%	1.00%	1.00%	1.26%
Trading expense ratio (f)	0.03%	0.02%	0.05%	0.07%	0.08%	0.02%
Portfolio turnover rate (g)	56.00%	61.95%	69.13%	95.38%	142.68%	74.82%
Net asset value per unit (a)	\$10.04	\$10.74	\$10.53	\$10.24	\$9.85	\$8.34

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS N		
Fund's Net Assets Per Unit (a)	2020	2019
Net assets – beginning of period	\$10.01	\$10.00
Increase (decrease) from operations:		
Total revenue	0.81	0.22
Total expenses	(0.04)	(0.04)
Realized gains (losses)	(0.98)	(0.03)
Unrealized gains (losses)	(0.85)	0.04
Total increase (decrease) from operations (b)	(1.06)	0.19
Distributions:		
From income (excluding dividends)	(0.22)	(0.17)
From dividends	-	(0.02)
From capital gains	-	-
Return of capital	-	-
Total annual distributions (b), (c)	(0.22)	(0.19)
Net assets – end of period	\$9.36	\$10.01
Ratios and Supplemental Data		
Total net asset value (\$000s) (a)	\$7,139	\$17,211
Number of units outstanding (a)	762,411	1,719,279
Management expense ratio (d)	0.75%	0.75%
Management expense ratio before absorptions (e)	0.75%	0.75%
Trading expense ratio (f)	0.03%	0.02%
Portfolio turnover rate (g)	56.00%	61.95%
Net asset value per unit (a)	\$9.36	\$10.01

CLASS O						
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016	2015
Net assets – beginning of period	\$10.87	\$10.64	\$10.37	\$9.97	\$8.49	\$9.84
Increase (decrease) from operations:						
Total revenue	0.44	0.48	0.51	0.50	0.42	0.74
Total expenses	-	-	(0.01)	(0.01)	(0.01)	(0.01)
Realized gains (losses)	(0.57)	0.06	0.23	0.70	0.44	(1.01)
Unrealized gains (losses)	(0.28)	0.21	0.11	(0.34)	1.16	(0.06)
Total increase (decrease) from operations (b)	(0.41)	0.75	0.84	0.85	2.01	(0.34)
Distributions:						
From income (excluding dividends)	(0.28)	(0.43)	(0.47)	(0.44)	(0.47)	(0.65)
From dividends	-	(0.05)	(0.03)	(0.05)	(0.06)	(0.01)
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	(0.09)
Total annual distributions (b), (c)	(0.28)	(0.48)	(0.50)	(0.49)	(0.53)	(0.75)
Net assets – end of period	\$10.15	\$10.87	\$10.64	\$10.37	\$9.97	\$8.49
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$28,877	\$27,198	\$8,387	\$12,351	\$7,813	\$3,038
Number of units outstanding (a)	2,845,364	2,501,605	787,928	1,191,011	783,439	357,754
Management expense ratio (d)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Management expense ratio before absorptions (e)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Trading expense ratio (f)	0.03%	0.02%	0.05%	0.07%	0.08%	0.02%
Portfolio turnover rate (g)	56.00%	61.95%	69.13%	95.38%	142.68%	74.82%
Net asset value per unit (a)	\$10.15	\$10.87	\$10.64	\$10.37	\$9.97	\$8.49

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS U		
Fund's Net Assets Per Unit (a)	2020	2019
Net assets – beginning of period	\$9.95	\$10.00
Increase (decrease) from operations:		
Total revenue	(1.46)	0.25
Total expenses	(0.05)	(0.06)
Realized gains (losses)	1.72	-
Unrealized gains (losses)	(0.30)	(0.16)
Total increase (decrease) from operations (b)	(0.09)	0.03
Distributions:		
From income (excluding dividends)	(0.21)	(0.14)
From dividends	-	(0.02)
From capital gains	-	-
Return of capital	-	-
Total annual distributions (b), (c)	(0.21)	(0.16)
Net assets – end of period	\$9.62	\$9.95
Ratios and Supplemental Data		
Total net asset value (\$000s) (a)	\$30	\$6
Number of units outstanding (a)	3,088	588
Management expense ratio (d)	1.15%	1.15%
Management expense ratio before absorptions (e)	1.15%	1.15%
Trading expense ratio (f)	0.03%	0.02%
Portfolio turnover rate (g)	56.00%	61.95%
Net asset value per unit (a)	\$9.62	\$9.95

CLASS A (USD)						
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016	2015
Net assets – beginning of period	\$13.66	\$13.89	\$12.48	\$12.67	\$11.08	\$10.78
Increase (decrease) from operations:						
Total revenue	(2.70)	0.78	1.07	0.46	0.66	0.88
Total expenses	(0.12)	(0.28)	(0.29)	(0.26)	(0.24)	(0.25)
Realized gains (losses)	3.43	0.08	0.01	0.98	(0.24)	0.57
Unrealized gains (losses)	(0.31)	(0.48)	0.73	(0.96)	0.58	(0.15)
Total increase (decrease) from operations (b)	0.30	0.10	1.52	0.22	0.76	1.05
Distributions:						
From income (excluding dividends)	(0.22)	(0.33)	(0.35)	(0.31)	(0.42)	(0.57)
From dividends	-	(0.03)	(0.02)	(0.04)	(0.03)	(0.01)
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	(0.08)
Total annual distributions (b), (c)	(0.22)	(0.36)	(0.37)	(0.35)	(0.45)	(0.66)
Net assets – end of period	\$13.48	\$13.66	\$13.89	\$12.48	\$12.67	\$11.08
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$2,744	\$6,018	\$6,177	\$1,264	\$1,420	\$4,291
Number of units outstanding (a)	203,619	440,638	444,755	101,249	112,029	387,216
Management expense ratio (d)	1.95%	1.95%	1.95%	1.95%	1.95%	2.20%
Management expense ratio before absorptions (e)	1.95%	1.95%	1.95%	1.95%	1.95%	2.20%
Trading expense ratio (f)	0.03%	0.02%	0.05%	0.07%	0.08%	0.02%
Portfolio turnover rate (g)	56.00%	61.95%	69.13%	95.38%	142.68%	74.82%
Net asset value per unit (a)	\$13.48	\$13.66	\$13.89	\$12.48	\$12.67	\$11.08

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS F (USD)						
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016	2015
Net assets – beginning of period	\$13.52	\$13.75	\$12.35	\$12.54	\$11.04	\$10.74
Increase (decrease) from operations:						
Total revenue	(2.88)	0.75	1.05	0.38	1.17	0.88
Total expenses	(0.07)	(0.16)	(0.17)	(0.14)	(0.16)	(0.17)
Realized gains (losses)	3.63	0.11	0.08	0.67	(0.33)	0.80
Unrealized gains (losses)	(0.52)	(0.53)	0.75	(0.83)	0.78	(0.24)
Total increase (decrease) from operations (b)	0.16	0.17	1.71	0.08	1.46	1.27
Distributions:						
From income (excluding dividends)	(0.29)	(0.43)	(0.44)	(0.43)	(0.47)	(0.65)
From dividends	-	(0.03)	(0.02)	(0.04)	(0.05)	(0.01)
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	(0.10)
Total annual distributions (b), (c)	(0.29)	(0.46)	(0.46)	(0.47)	(0.52)	(0.76)
Net assets – end of period	\$13.33	\$13.52	\$13.75	\$12.35	\$12.54	\$11.04
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$12,598	\$20,175	\$24,368	\$12,427	\$985	\$1,464
Number of units outstanding (a)	944,917	1,492,314	1,772,010	1,006,425	78,583	132,598
Management expense ratio (d)	1.15%	1.15%	1.15%	1.15%	1.15%	1.46%
Management expense ratio before absorptions (e)	1.15%	1.15%	1.15%	1.15%	1.15%	1.46%
Trading expense ratio (f)	0.03%	0.02%	0.05%	0.07%	0.08%	0.02%
Portfolio turnover rate (g)	56.00%	61.95%	69.13%	95.38%	142.68%	74.82%
Net asset value per unit (a)	\$13.33	\$13.52	\$13.75	\$12.35	\$12.54	\$11.04

CLASS H (USD)		
Fund's Net Assets Per Unit (a)	2020	2019
Net assets – beginning of period	\$13.02	\$13.10
Increase (decrease) from operations:		
Total revenue	(3.11)	0.31
Total expenses	(0.10)	(0.11)
Realized gains (losses)	3.84	(0.01)
Unrealized gains (losses)	(0.77)	(0.38)
Total increase (decrease) from operations (b)	(0.14)	(0.19)
Distributions:		
From income (excluding dividends)	(0.25)	(0.18)
From dividends	-	(0.01)
From capital gains	-	-
Return of capital	-	-
Total annual distributions (b), (c)	(0.25)	(0.19)
Net assets – end of period	\$12.82	\$13.02
Ratios and Supplemental Data		
Total net asset value (\$000s) (a)	\$5,963	\$2,680
Number of units outstanding (a)	465,244	205,849
Management expense ratio (d)	1.65%	1.65%
Management expense ratio before absorptions (e)	1.65%	1.65%
Trading expense ratio (f)	0.03%	0.02%
Portfolio turnover rate (g)	56.00%	61.95%
Net asset value per unit (a)	\$12.82	\$13.02

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS I (USD)		
Fund's Net Assets Per Unit (a)	2020	2019
Net assets – beginning of period	\$13.04	\$13.10
Increase (decrease) from operations:		
Total revenue	(2.96)	0.38
Total expenses	(0.06)	(0.07)
Realized gains (losses)	3.67	(0.03)
Unrealized gains (losses)	(0.58)	(0.17)
Total increase (decrease) from operations (b)	0.07	0.11
Distributions:		
From income (excluding dividends)	(0.29)	(0.21)
From dividends	-	(0.02)
From capital gains	-	-
Return of capital	-	-
Total annual distributions (b), (c)	(0.29)	(0.23)
Net assets – end of period	\$12.85	\$13.04
Ratios and Supplemental Data		
Total net asset value (\$000s) (a)	\$23,773	\$15,621
Number of units outstanding (a)	1,849,758	1,197,716
Management expense ratio (d)	1.00%	1.00%
Management expense ratio before absorptions (e)	1.00%	1.00%
Trading expense ratio (f)	0.03%	0.02%
Portfolio turnover rate (g)	56.00%	61.95%
Net asset value per unit (a)	\$12.85	\$13.04

CLASS N (USD)		
Fund's Net Assets Per Unit (a)	2020	2019
Net assets – beginning of period	\$13.00	\$13.10
Increase (decrease) from operations:		
Total revenue	(2.91)	0.36
Total expenses	(0.04)	(0.05)
Realized gains (losses)	3.63	(0.02)
Unrealized gains (losses)	(0.66)	(0.17)
Total increase (decrease) from operations (b)	0.02	0.12
Distributions:		
From income (excluding dividends)	(0.30)	(0.22)
From dividends	-	(0.02)
From capital gains	-	-
Return of capital	-	-
Total annual distributions (b), (c)	(0.30)	(0.24)
Net assets – end of period	\$12.81	\$13.00
Ratios and Supplemental Data		
Total net asset value (\$000s) (a)	\$3,191	\$3,648
Number of units outstanding (a)	249,131	280,525
Management expense ratio (d)	0.75%	0.75%
Management expense ratio before absorptions (e)	0.75%	0.75%
Trading expense ratio (f)	0.03%	0.02%
Portfolio turnover rate (g)	56.00%	61.95%
Net asset value per unit (a)	\$12.81	\$13.00

FINANCIAL HIGHLIGHTS (CONTINUED)**Footnotes:**

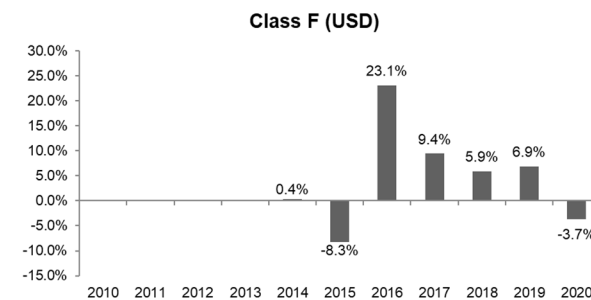
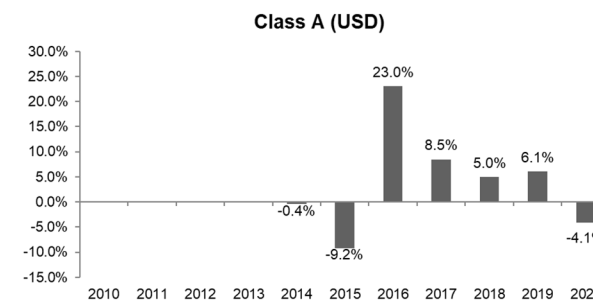
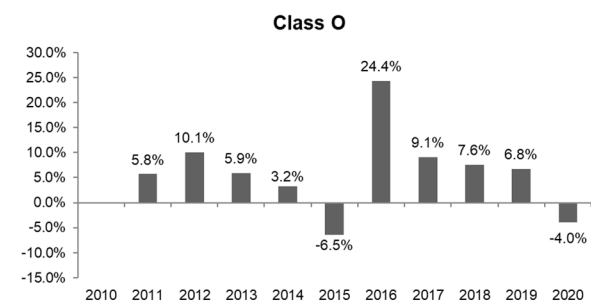
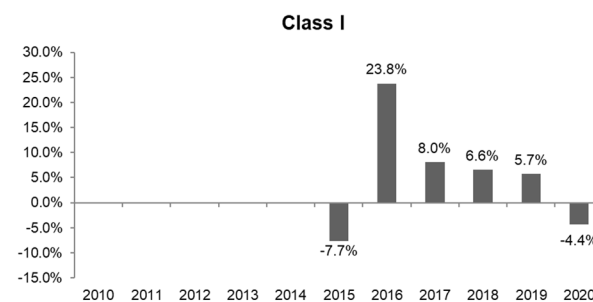
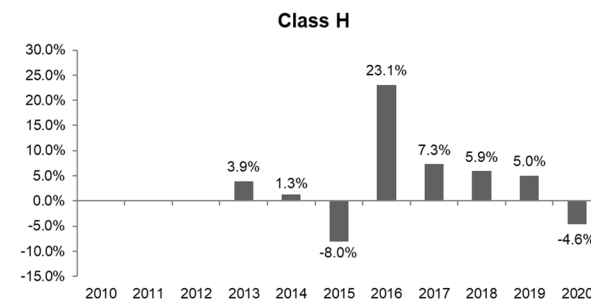
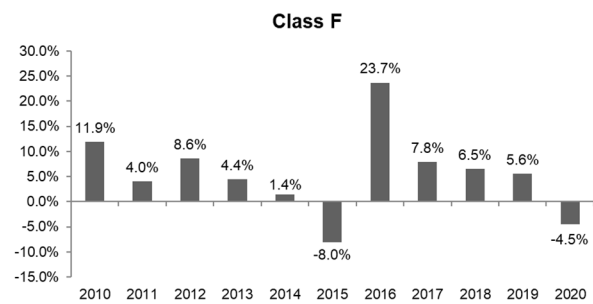
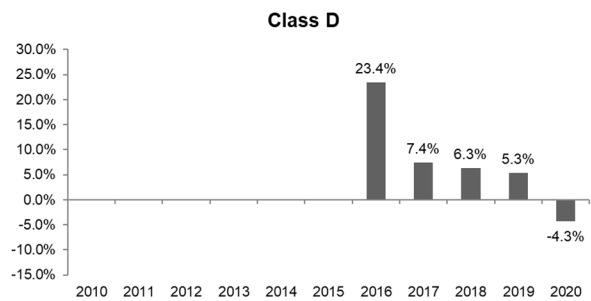
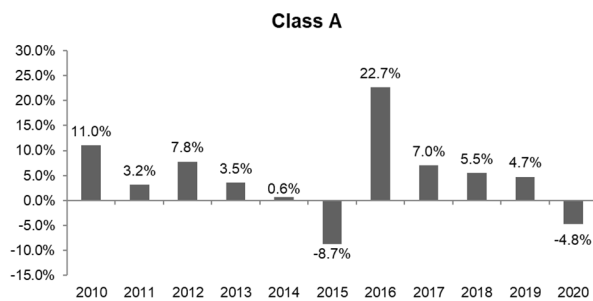
- (a) This information is derived from the Fund's unaudited semi-annual financial statements as at June 30 and audited annual financial statements as at December 31 for the period stated, prepared under International Financial Reporting Standards.
- (b) Net assets per unit and distributions per unit are based on the actual number of units for the relevant Fund class outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding during the period.
- (c) Distributions were paid in cash and/or reinvested in additional units of the Fund.
- (d) Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the period and is expressed as an annualized percentage of daily average net asset value during the period. The MER may vary from one class of units to another because of differences in the applicable management fees and certain fees and expenses may have been absorbed by the Manager which would otherwise be reflected in the Fund.
- (e) The Manager of the Fund has agreed to absorb sufficient expenses of the Fund, as necessary, such that the annual MER after all charges and taxes (including sales, goods and services and other similar charges) will not exceed certain limits as outlined in the Fund's Simplified Prospectus. The amount of expenses absorbed is at the discretion of the Manager as set out in the Fund's Simplified Prospectus and the Manager may in its sole discretion cease to absorb expenses.
- (f) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
- (g) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. In general, the higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

PAST PERFORMANCE

The following charts show the past performance for the units of each class of the Fund and do not necessarily indicate how the Fund will perform in the future. The information shown assumes that any distributions made by the Fund were reinvested in additional units of the Fund. Returns would be different if an investor did not reinvest distributions. In addition, the information does not take into account sales, redemptions, income taxes payable or other charges that would have reduced returns or performance.

Period-by-Period Returns

To illustrate how the Fund's performance has varied over time, the following bar charts show the Fund's performance for the six month period ended June 30, 2020 and for each of the previous 12-month periods ended December 31. The information is presented starting from the first full financial year of the respective Fund class. In percentage terms, the bar charts show how much an investment held on the first day of the period would have increased or decreased by the last day of the period.



SUMMARY OF INVESTMENT PORTFOLIO

The largest holdings of the Fund as at the end of the period and the major asset classes in which the Fund was invested are indicated below. The investment portfolio may change due to ongoing portfolio transactions. An update of the Fund's summary of investment portfolio as at the end of each calendar quarter is available from the Manager. Please see the front page of this document for information about how this can be obtained.

Summary of Top 25 Holdings

	% of Net Assets
Intelsat Jackson Holdings S.A., 8.00%, 2024/02/15	2.6
1011778 B.C. ULC / New Red Finance Inc., 5.00%, 2025/10/15	2.4
Paratek Pharmaceuticals, Inc., 4.75%, 2024/05/01	2.3
Osisko Gold Royalties Ltd., 4.00%, 2022/12/31	2.0
SunPower Corporation, 0.88%, 2021/06/01	2.0
Talos Production LLC, 11.00%, 2022/04/03	1.9
Chesapeake Energy Corporation, 9.00%, 2022/12/31	1.7
LGI Homes, Inc., 6.88%, 2026/07/15	1.7
McDonald's Corporation, 3.13%, 2025/03/04	1.7
SunPower Corporation, 4.00%, 2023/01/15	1.7
Topaz Solar Farms LLC, 5.75%, 2039/09/30	1.7
W&T Offshore, Inc., 9.75%, 2023/11/01	1.6
First Majestic Silver Corp., 1.88%, 2023/03/01	1.5
Gartner, Inc., 5.13%, 2025/04/01	1.5
Canadian National Railway Company, 2.75%, 2021/02/18	1.4
Frontier Communications Corporation, 8.00%, 2027/04/01	1.4
Avaya Inc., 4.44%, 2024/12/15	1.3
Morgan Stanley, 4.83%, 2049/12/31	1.3
OPKO Health, Inc., 4.50%, 2025/02/15	1.3
Louisiana-Pacific Corporation, 4.88%, 2024/09/15	1.2
Norbord Inc., 6.25%, 2023/04/15	1.2
Open Text Corporation, 5.88%, 2026/06/01	1.2
Twitter, Inc., 0.25%, 2024/06/15	1.2
Macy's, Inc., 8.38%, 2025/06/15	1.1
Rite Aid Corporation, 7.50%, 2025/07/01	1.1

Summary of Composition of the Portfolio

	% of Net Assets
US corporate bonds and loans	50.0
Canadian corporate bonds and loans	23.2
Preferred shares	6.7
Foreign corporate bonds and loans	5.4
Government bonds	5.3
Closed end funds	3.8
Common shares	0.2
Total investments	94.6
Derivative assets	1.5
Warrants	0.2
Total investment portfolio	96.3
Cash	3.2
Other assets less liabilities	0.5
Total net assets	100.0

Caution Regarding Forward-Looking Statements

This report contains forward-looking statements about the Fund, including its strategy, prospects and further actions. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, or negative versions thereof and similar expressions.

In addition, any statement made concerning future performance, strategies or prospects, and possible future Fund action is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to risks, uncertainties and assumptions about the Fund and economic factors, among other things.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements. Any number of important factors could contribute to these digressions, including, but not limited to: general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

We stress that the above-mentioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing undue reliance on forward-looking statements. Further, except as may be required under applicable law, the Manager has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

PENDER

MANAGED BY:
PENDERFUND CAPITAL MANAGEMENT LTD.

1830 – 1066 West Hastings St.
Vancouver, BC V6E 3X2

TELEPHONE 604 688-1511
FACSIMILE 604 563-3199
TOLL FREE 1 866 377-4743

www.penderfund.com